

Gabon  
**2012**



## Gabon

- In Gabon, growth is set to continue in 2012-13, but at a slower pace because of the completion of work for the 2012 Africa Cup of Nations.
- Macroeconomic indicators remain robust. The fiscal balance is gradually improving, thanks to the stabilisation of current expenditure and the gradual reduction of public investment for the Africa Cup of Nations.
- Per-capita gross domestic product is one of the highest in Africa, but human-development indicators remain below the average for middle-income countries. Unemployment stands at 30% for young people, much higher than the national average of 16%.

## Overview

Gabon is faced with declining oil production, which has been the backbone of its economy since it gained independence. In this context, the country is faced with a two-fold challenge: to create a diverse economic fabric that will rely on the development of natural resources, and the integration of the relatively young population into employment. Gabon aspires to become an emerging country by 2035. This ambition has driven the government to significantly increase public investment in 2010 and 2011, and this policy is likely to continue over the next two years. Gabon's strategy also encourages domestic and foreign private investment through the special economic zones (SEZs).

In 2011, gross domestic product (GDP) grew by an estimated 5.8%, down slightly from the 2010 figure of 6.6%, but above forecasts. The primary fiscal balance was consolidated. The current-account surplus is increasing in the context of a moderate rise in inflation. However, inflation still complies with the convergence criteria set by the Central African Economic and Monetary Community (CEMAC).

Overall, economic activity has been intense, boosted by extra public investment in building and improving roads and stadiums in preparation for the 2012 Africa Cup of Nations, which was co-hosted by Gabon and Equatorial Guinea. The economic outlook for 2012, and to a certain extent for 2013, is good: prices of export goods (oil, manganese and timber) are expected to remain high; oil companies are going to optimise old oilfields; the Nkok SEZ will become operational; the world's leading producer of manganese, BHP Billiton, will move into Gabon in the Haut-Ogooué province; and the major Chinese company CICMHZ (Compagnie industrielle et commerciale des mines de Huazhou) will begin operations. Finally, the impact the 2012 Africa Cup of Nations has had on employment should stimulate domestic demand.

Based on these assumptions, economic activity should continue to grow over the next two years, bolstered by exports of raw materials and a significant recovery in domestic production. However, growth will slow slightly to 4.4% in 2012 and 3.3% in 2013.

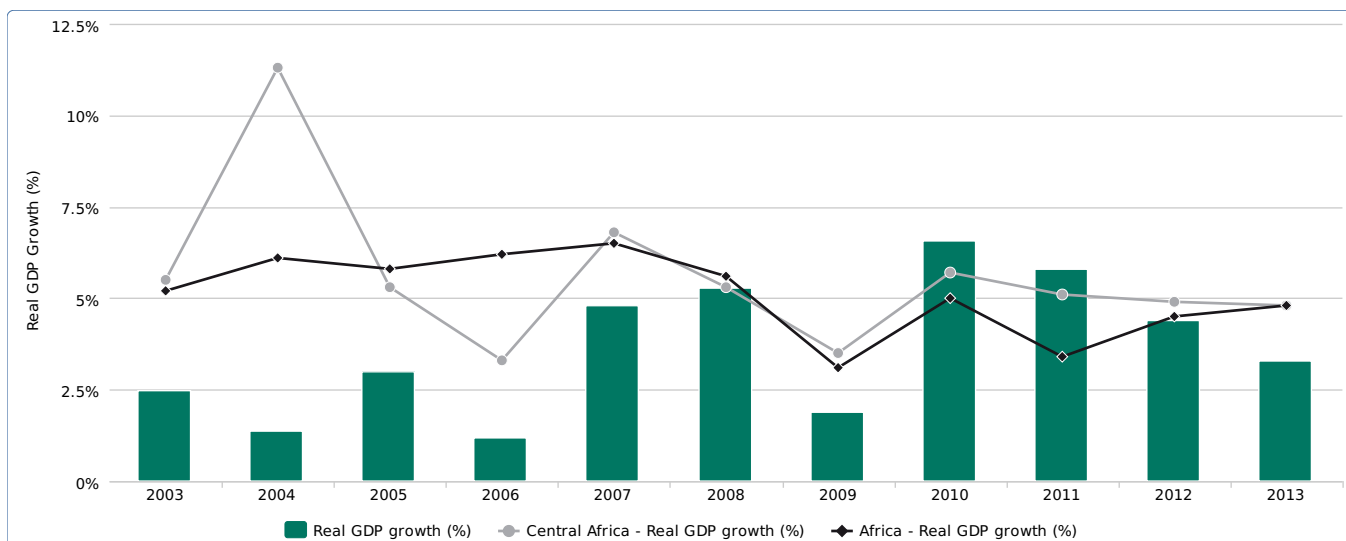
Nevertheless, the strong performance of macroeconomic indicators still depends on oil prices, with oil making up 60% of total government revenue and 75% of export revenue. The situation has prompted the authorities to transform the economy by diversifying activity and promoting a business-friendly environment. Nonetheless, the ambitious public-investment programme, announced to curb the country's infrastructure deficit, runs the risk of deteriorating the medium-term fiscal position; the non-oil budget deficit rose to 22.5% of non-oil GDP in 2011. Gabon should therefore take the following measures:

- ensure fiscal sustainability and external competitiveness, given the prospect of dwindling oil reserves;
- accelerate and diversify sources of growth to prepare for life-after-oil;
- reform the financial sector.

Per capita GDP (USD 7 370) is relatively high compared to that of most countries in sub-Saharan Africa. The economy functions more like that of a low-income country, however. Inequality and poverty persist. Gabon has a relatively young population with a high demand for integration into employment.

Unemployment is estimated at about 16% of the workforce, and this figure rises to 30% amongst the under 30s. The government has launched various initiatives to tackle unemployment, including specific funds to support reforms undertaken by the National Employment Office (ONE) and an "e-employment" project in collaboration with the Economic Commission for Africa (ECA) and the Economic Community of Central African States (ECCAS). These measures, plus the creation of jobs generated by foreign direct investment in the SEZs and the mining industry (manganese and iron), should boost employment in 2012 and 2013, particularly amongst young people.

Figure 1: Real GDP growth (Central)



Figures for 2010 are estimates; for 2011 and later are projections.

StatLink  <http://dx.doi.org/10.1787/888932618861>

Table 1: Macroeconomic Indicators

	2010	2011	2012	2013
<b>Real GDP growth</b>	6.6	5.8	4.4	3.3
<b>Real GDP per capita growth</b>	4.7	3.9	2.5	1.4
<b>CPI inflation</b>	1.5	2.1	3.1	2.8
<b>Budget balance % GDP</b>	4.8	7.4	8.5	9.2
<b>Current account % GDP</b>	8.2	8.8	9.6	11.2

Figures for 2010 are estimates; for 2011 and later are projections.

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## Recent Developments & Prospects

Table 2: GDP by Sector (percentage of GDP)

	2006	2011
<b>Agriculture, forestry, fishing &amp; hunting</b>	4.9	4.1
<b>Mining and quarrying</b>	53	51.8
<b>of which oil</b>	50.5	47.4
<b>Manufacturing</b>	5.1	4.5
<b>Electricity, gas and water</b>	1.2	1.5
<b>Construction</b>	1.8	2.1
<b>Wholesale and retail trade, hotels and restaurants</b>	5.8	6.8
<b>of which hotels and restaurants</b>	-	-
<b>Transport, storage and communication</b>	4.6	4.2
<b>Finance, real estate and business services</b>	0.4	0.4
<b>Financial intermediation, real estate services, business and other service activities</b>	-	-
<b>General government services</b>	-	-
<b>Public administration &amp; defence; social security, education, health &amp; social work</b>	-	-
<b>Public administration, education, health</b>	-	-
<b>Public administration, education, health &amp; other social &amp; personal services</b>	-	-
<b>Other community, social &amp; personal service activities</b>	-	-
<b>Other services</b>	23.1	24.5
<b>Gross domestic product at basic prices / factor cost</b>	100	100

Figures for 2010 are estimates; for 2011 and later are projections.

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The international situation is marked by high commodity prices, particularly oil and to some extent timber and manganese, which are the country's three main export products. Buoyant world prices coupled with ongoing reforms to diversify the economy helped maintain growth at 5.8% of GDP in 2011. Public investment made a substantial contribution to growth of 2.6 percentage points, up from 0.7 points in 2010, thanks to the construction work at stadiums and the rehabilitation of the existing road network. But this share is expected to decline in 2012 and 2013, with the completion of the major work undertaken in preparation for the 2012 Africa Cup of Nations. The contribution made by government consumption to GDP growth was consolidated in 2011 (1.6 points), as in 2010, thanks to the rise in the minimum wage and the wage review in the public sector.

Exports of goods, boosted by higher oil prices and manganese production, should grow in 2011 to reach 59.8% of GDP, up from 56.3% in 2010. Restructuring and industrialisation of the timber sector through the ban on log exports and the opening of several local processing units has boosted production and strengthened the contribution of exports to GDP growth.

The increase in private consumption in 2011 was the result of work on roads and streets in Libreville to prepare for the 2012 Africa Cup of Nations. Most small and medium-sized contractors had to hire extra temporary staff to meet the three-month delivery deadlines. The ratio of private consumption to GDP is expected to decline to 2.6% in 2012 and 2.2% in 2013 following the completion of the first phase of construction sites.

On the supply side, the contribution made by the primary sector to real GDP growth was 58.9% in 2011, up from 55.9% in 2010. A similar figure (56.5%) is expected for 2012. Oil still dominates the economy, providing 50.5% of real GDP in 2011, up from 47.4% in 2010. Oil revenue is supported by the investment efforts made by oil companies (Total Gabon and Tullow Oil), which in 2007 signed a 25-year renewal of their agreement with the Gabonese government. Agriculture is limited to market gardening at the edge of cities, with the assistance of the Gabonese development body, the IGAD (Institut Gabonais d'appui au développement), and to cash-crop and food-crop farming. The sub-sector's contribution to GDP growth fell to 3.5% in 2011 (from 4.1% in 2010) due to a drop in the production and sale of cash-crops such as rubber, coffee and cocoa. In fact, cocoa and coffee production were limited to 500 tonnes and 200 tonnes, respectively, only just above their 2002 levels. Similarly, prices paid to cocoa and coffee planters have hardly moved since 2007 (XAF 650 per kilogramme [CFA Franc BEAC] and XAF 450 per kilogramme, respectively), even though world prices have increased. Forestry's share of GDP stayed at 0.3% in 2011, and is expected to rise to 0.4% in 2012 thanks to the industrialisation of the timber sector.

Contribution of the mining sector to GDP grew slightly to 4.6% in 2011 from 4.5% in 2010, and this figure is expected to rise to 5.6% in 2012. This growth in mining is thanks to investment since 2008 in new equipment, a new manganese metal (high manganese) plant to produce 20 000 tonnes a year and a silicomanganese plant to produce 65 000 tonnes a year. This will be coupled with the new BHP Billiton site in Franceville and the upcoming launch of a ferromanganese plant in the Nkok SEZ by the Indian company Abhijeet, which will process 300 000 tonnes of manganese. The mining sector is expected to further improve its contribution to GDP in the coming years, with the launch of a pilot plant to mine a large deposit of niobium, tantalum, rare earths and uranium in Mabounié, in western Gabon.

Contribution of the secondary sector to GDP slipped to 7.7% in 2011, compared to 8.2% in 2010. The biggest contributors to this share were construction (2.0%), electricity and water (1.5%), agro-industry (1.2%) and other industries (1.6%). But these figures are below the 2010 levels, except for the electricity and water sector, which benefited from the electrification of the northern outskirts of Libreville-Cap Estérias and the opening of the network for transporting and storing drinking water. The main cause of the fall in the contribution of the secondary sector to GDP in 2011 was the poor performance of agro-industry and refineries (winemaking, tobacco production and brewing, etc.). The secondary sector is expected to recover in 2012 (8.2% of GDP) thanks to the dynamism of the construction industry and support for industrialisation through new basic infrastructure and the opening of industrial SEZs.

The tertiary sector provided 25.4% of GDP growth in 2011, down from 27.5% in 2010. This lower contribution was a result of the closure of worn-out structures and the lack of dynamism and rigour in the management of certain state-subsidised institutions. The GDP contribution of hotels, restaurants and tourism, which dominate the tertiary sector, declined slightly to 9.6% in 2011 (from 10.4% in 2010), but the sector should recover to 26.7% of GDP in 2012, with hotels having finished repairs for the 2012 Africa Cup of Nations.

## Macroeconomic Policy

### Fiscal Policy

The 2011 budget featured continued capital investment to enable new basic infrastructure and development hubs in order to consolidate growth. Fiscal policy has aimed to further diversify the economy and prevent overspending by the state. The primary surplus was 5.1% of GDP in 2010 and is expected to expand to 6.0% in 2011. This depends on oil prices, however, which make up more than 60% of government revenue. Excluding oil, the primary deficit could reach 22% in 2011. Indeed, to curb the deficit in basic infrastructure, investment budgets for 2010 and 2011 were kept very high. The rate of public investment, which stood at 5% of GDP in 2008, rose to almost 12% in 2011 as Gabon made preparations for the 2012 Africa Cup of Nations.

The 2012 budget gradually brings spending back down to more manageable levels. The scenario envisaged in the budget is based on current expenditure being stabilised at about 17% of GDP in 2015 (down from more than 20% in 2010) and capital expenditure being gradually lowered to 6% by 2015 and 5% by 2020.

Government revenue stabilised at 30.1% of nominal GDP in 2010 and 30.7% in 2011 thanks to oil revenue increasing from 17.8% of GDP in 2010 to 19.3% in 2011. Government revenue also benefited from the effects of reforms made to the financial authorities, especially the 2009-13 inland revenue (DGI) and customs (DGD) action plans.

Table 3: Public Finances (percentage of GDP)

	2003	2006	2007	2008	2009	2010	2011	2012	2013
<b>Total revenue and grants</b>	29.8	31.7	29.9	32.2	32.9	30.1	30.7	30.6	30.5
<b>Tax revenue</b>	12.3	10.3	11.1	9.9	14.5	11.2	10.4	10.1	10.2
<b>Oil revenue</b>	16.2	20.3	17.5	21.1	16.3	17.8	19.3	19.4	19.2
<b>Grants</b>	-	-	-	-	-	-	-	-	-
<b>Total expenditure and net lending (a)</b>	22.4	22.5	21.3	20.7	26.3	25.3	23.3	22.2	21.2
<b>Current expenditure</b>	18.7	17.7	16.6	16.9	22.2	20.1	17.9	17.2	16.6
<b>Excluding interest</b>	14.7	15.4	14.4	15.2	20.6	18.5	16.3	15.8	15.3
<b>Wages and salaries</b>	6.5	5.1	5.5	5	7.4	6.3	5.9	6	6.4
<b>Interest</b>	4	2.3	2.2	1.8	1.6	1.6	1.5	1.4	1.3
<b>Primary balance</b>	11.4	11.6	10.8	13.3	8.2	6.3	8.9	9.9	10.5
<b>Overall balance</b>	7.4	9.2	8.6	11.5	6.6	4.8	7.4	8.5	9.2

Figures for 2010 are estimates; for 2011 and later are projections.

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### Monetary Policy

The monetary policy defined regionally by the Bank of Central African States (BEAC) enables price stability to be maintained. Inflation averaged at 2.1% in 2011, up from 1.5% in 2010, and is expected to increase to 3.1% in 2012, a whisker above the BEAC target rate of 3.0%. The rise in inflation is a result of the growth in domestic demand coupled with public investment and the hosting of the 2012 Africa Cup of Nations. Overall, monetary aggregates have shown solid growth: there has been substantial replenishment of external reserves, amounting to nine months of imports compared to only seven months in 2010; credit to the economy has increased by around 2%; and the government has gradually repaid statutory advances to the BEAC and bank loans. However, at the end of 2010, credit to the economy accounted for a mere 51% of total demand deposits and time deposits held by the banking system. More than 60% of these deposits are sight deposits. Generally, bank financing is virtually out of reach for SME/SMIs, with less than 3% of them obtaining long-term financing (for land, buildings, industrial machinery).

## Economic Cooperation, Regional Integration & Trade

Gabon is a member of the main regional bodies for economic co-operation such as ECCAS, CEMAC, the African Business Law Harmonisation Organisation (OHADA) and the New Partnership for Africa's Development (NEPAD). Non-tariff barriers to imports are gradually being lifted and export tax has been abolished. The rate of customs duty applied to products imported from non-CEMAC countries (the common external tariff [CET]) varies from 5% to 30%. But regional integration is hampered by poor diversification and the lack of communication infrastructure in the region. The loose industrial fabric and the relatively high cost of labour affects Gabon's position in the region.


Internationally, Gabon participates in negotiations with the European Commission for Economic Partnership Agreements (EPAs) as part of the Central Africa group. Gabon has been negotiating a Voluntary Partnership Agreement (VPA) with the European Union (EU) since September 2010. These negotiations will lead to an APV on the legality of Gabonese timber exports to the EU.

Gabon's trade with its neighbours is still limited to food imports, especially from Cameroon. For foreign trade, the current-account balance excluding state transfers remained positive in 2011, at 8.8% of GDP. It is expected to rise to 9.6% of GDP in 2012, thanks to an improved trade balance. The deficit in the capital and financial-transactions account dropped from 7.5% of GDP in 2010 to an estimated 6.6% in 2011, mainly owing to short-term capital outflows.

Table 4: Current Account (percentage of GDP)

	2003	2006	2007	2008	2009	2010	2011	2012	2013
<b>Trade balance</b>	35.3	47.1	47	51.8	38.3	38.2	43.8	45	44.6
<b>Exports of goods (f.o.b.)</b>	52.5	63.4	61.9	66.4	53.6	56.2	59.8	60.5	60.1
<b>Imports of goods (f.o.b.)</b>	17.2	16.3	14.9	14.6	15.3	17.9	16.1	15.5	15.5
<b>Services</b>	-11	-11.4	-11.3	-10	-10.2	-13.5	-13.4	-13.9	-15
<b>Factor income</b>	-11.8	-16.2	-15.7	-17.8	-13.6	-15	-20.1	-20.1	-17
<b>Current transfers</b>	-3	-2.1	-2.2	-2.1	-1.8	-1.5	-1.5	-1.4	-1.4
<b>Current account balance</b>	9.5	17.4	17.9	22	12.7	8.2	8.8	9.6	11.2

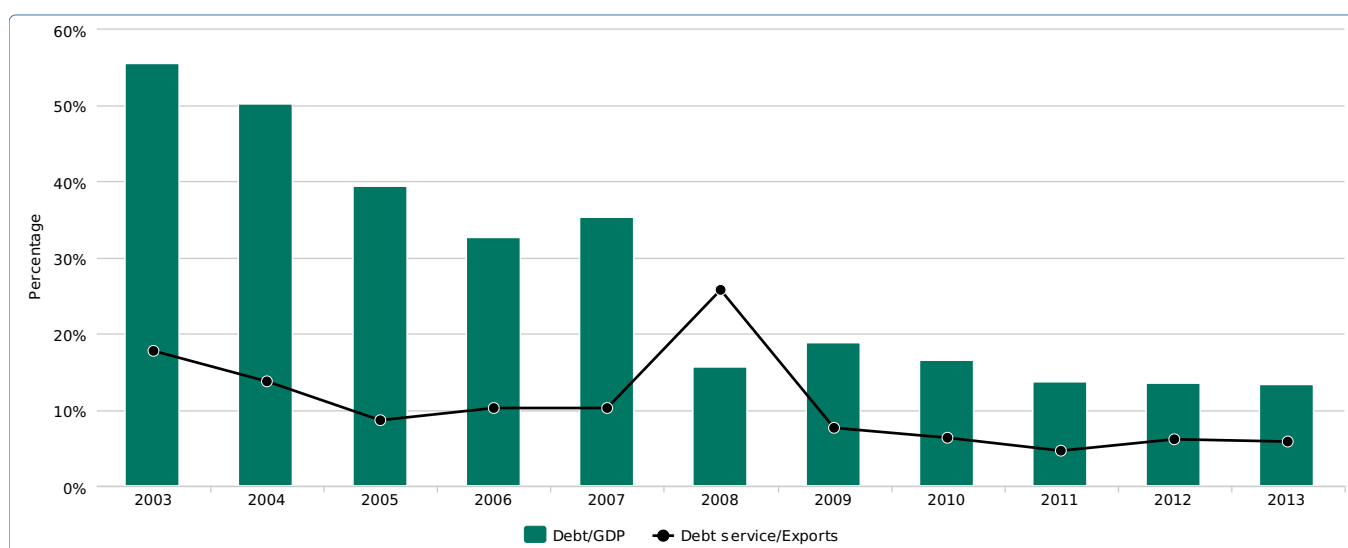
Figures for 2010 are estimates; for 2011 and later are projections.

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## Debt Policy

External debt was estimated at 14.3% of GDP at the end of 2011, and is expected to continue falling, reaching 11.7% of GDP by 2015. Debt servicing amounted to 5.8% of exports in 2011. All domestic arrears were consolidated and paid off in 2010/11 under the Libreville Club 6 agreement. Gabon might even become a net external creditor in 2012. The government has also set up a department in charge of foreign debt, which is responsible for developing the country's debt policy and actively managing debt, with the debt ratios having been reduced to levels that are definitely sustainable. Ceilings based on a level of debt compatible with the balance of public accounts are also defined. Public-debt forecasts are completely different for foreign and domestic debt. While foreign-debt servicing is expected to grow due to higher interest payments, domestic-debt servicing is expected to drop because of the major clearing of capital that took place in 2009.

Figure 2: Stock of total external debt (percentage of GDP) and debt service (percentage of exports of goods and services)



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StatLink  <http://dx.doi.org/10.1787/888932618861>



## Economic & Political Governance

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### Private Sector

The 2012 *Doing Business* rankings places Gabon 156<sup>th</sup> out of 183 economies. The country was placed 160<sup>th</sup> in the 2011 report, so it has improved by 4 places. It has climbed the rankings thanks to improvements in dealing with construction permits, getting credit and resolving insolvency. But efforts are still needed to improve its rank for starting a business, registering property, protecting investors, trading across borders (there is poor integration in the region) and paying taxes. In the 2012 Index of Economic Freedom, Gabon is ranked 113<sup>th</sup> out of 179 economies with a score of 56.4, just below the global average of 59.5.

Import and export regulations are harmonised throughout ECCAS and CEMAC, and there is a CET for imports. Export products are exempt from local taxes. In 2010, the government made it illegal to export log wood in order to boost the processing of raw materials and thus augment the local added value.

The cost of labour in Gabon is relatively higher than in most CEMAC countries. The minimum wage was increased in 2011 to XAF 150 000 from the level of XAF 80 000 set in 2006. This hike in the minimum wage could affect the country's competitiveness. Furthermore, there is insufficient quantity and quality of skilled labour in industries in which diversification is expected.

There were various reforms to the national employment framework in 2011: funds were set up to support the reforms undertaken by the national employment office (ONE), a system was set up to provide information on the job market and a national employment and training observatory was set up. Similarly, the government has announced plans to introduce reforms to simplify legislation on land tenure and state land and to shorten the time needed to obtain construction permits and land titles from several years to four months. A national urban-planning and land-register agency has been created for this purpose.

Better contract enforcement and a reduction in the time and cost of administrative procedures will be necessary to ensure better protection of property rights. Starting a business still takes too much time (58 days according to *Doing Business*), with the one-stop shop still not up and running. The APIP (Agence de promotion des investissements privés), an agency to promote private investment, has been found to be ineffective on several occasions, and is thus being restructured, with a business-development centre having opened in February 2011. Since 2010, the Chamber of Commerce has been re-energised since the chair stopped being a political appointment.

### Financial Sector

In general, the financial sector in Gabon has made slow progress since the review of CEMAC's Financial Stability Assessment Programme (FSAP). Access to financial services remains limited, due to the underdevelopment of the payments system. The penetration rate is low (about 2%), with high operating costs forcing banks to focus on the most profitable sectors of the economy.

Credit to the private sector lies below the average for oil-exporting countries in sub-Saharan Africa, amounting to 18.3% of non-oil GDP in 2011, down slightly from 18.7% in 2010. One of the main problems is that it is difficult for SMEs to obtain credit as micro-finance institutions still have such a limited role.

The state plays an important role in the financial sector. It controls two of the nine banks and has a stake in most of the others. In its effort to facilitate access to financial services and reduce the costs of finance, the government recently created the public financial institution, Caisse des Dépôts et Consignations.

Only 10% of the population have access to banking services. Although this coverage is similar to that of other countries in the region, it is one of the lowest for middle-income countries. The country and the sub-region therefore still face major challenges in their governance of the financial sector. Credit institutions are subject to banking supervision conducted by COBAC, which uses the powers and rules set out in the Basel I Capital Accord. The sector has not been affected by the global financial crisis. It remains profitable and has excess liquidity, which has enabled it to hold short-term deposits. However, under the Basel III accord, which calls for the alignment of assets and liabilities, the excess liquidity in short-term deposits will not necessarily be available to finance long-term loans for businesses.

The financial system relies heavily on a highly concentrated banking sector. Three banks dominate the market, holding three-fourths of all deposits and credits. SME/SMIs still rarely obtain bank financing. Nominal interest rates are between 7.5% and 8.5% for the safest loans. The few firms that have obtained credit from the FAGA Aid and Guarantee Fund (Fonds d'aide et de garantie) must pay interest rates of 12% and up to 20% for using their overdraft facility.

## **Public Sector Management, Institutions & Reform**

The global financial crisis has highlighted the need to diversify the Gabonese economy, which is still too reliant on oil and gas revenue. Better governance entails accelerating structural reforms to help diversify the economy. The business climate and the infrastructure need to be improved, and the government needs to take action that has a more international scope to support and put in place good practices in the area of natural resources.

The quality of public services is compromised by deficiencies in human-resource management in the public sector; these problems were highlighted in the *Doing Business* report. Gabonese citizens and businesses are burdened with high costs in their dealings with the tax authorities. This increases transaction costs and has pushed people into moving their business activity to the informal sector, as evidenced by companies not declaring all their income to the treasury.

## **Natural Resource Management & Environment**

Gabon has signed the UN Framework Convention on Climate Change and has ratified the Kyoto Protocol. It has also set up a national body for the Clean Development Mechanism (CDM). Gabon is working on several fronts in the area of the environment and climate change. There are 13 national parks covering 11% of the country's total surface area. The government began a major crackdown on the illegal extraction of natural resources in 2011, and has been successful in its aims. The new administration is showing a firm desire to make Gabon a pioneer for sustainable development in Africa. For instance, it played an active role in the United Nations Climate Change Conference in Copenhagen in 2009 and organised the first High-Level Panafrican Conference on Biodiversity and Poverty Eradication. And in May 2010, it created a national commission to develop a national climate plan. The government also receives support from its main partners, including the African Development Bank (for conservation of forest ecosystems), the World Bank (combating forest degradation), the EU (forest governance through the certification of forest products) and France (converting debt to finance projects and studies in forestry and environmental sectors, etc.).

## **Political Context**

The political situation in Gabon is marked by relative stability in the country's institutions. The turnout for the general election on 17 December 2011 was 34.3%. Some of the opposition and the civil-society movement "*ça suffit comme ça!*" (enough is enough) called for a boycott with the slogan "no biometrics, no electoral transparency, no elections". The Gabonese Democratic Party (PDG) won an overwhelming majority, with 114 out of 120 MPs.

Following the 2009 presidential election, the results of which were contested, some leading members of the PDG, including two former prime ministers, left the party and joined the Alliance for Change and Restoration (ACR) and the National Union (UN), although the latter was dissolved in July 2011. Given this backdrop, the general election was a crucial test for the reconfiguration of the Gabonese lower house and symbolised the easing of political tensions following the presidential election. A new, smaller government was formed on 29 February 2012. Its main priority is to implement the actions envisaged in the emergence policy advocated by the head of state.

## Social Context & Human Development

### Building Human Resources

The government is continuing to implement its national education policy. It is trying to expand the intake capacity of primary schools, secondary schools and higher education to achieve a maximum of 35 pupils per class in primary and secondary schools instead of the current 100. The teaching of the sciences is being reorganised through schools specialising in certain disciplines. The government also needs to improve vocational and technical training by increasing the intake capacity of centres offering this form of training.

Education is compulsory in Gabon from nursery school to age 16, so the enrolment rate is high (more than 97% in 2011). When questioned on their level of schooling, more than 22% of the population respond "none". Almost half went no further than primary school, 16% went no further than lower secondary school and only 6% completed secondary school. All higher-education institutions now use the LMD system (bachelor's, master's, doctorate, or *licence, master, doctorat* in French). At some higher-education institutions this is beginning to enable a sharper focus on occupational qualifications and quicker integration into working life thanks to the successful public-private partnerships recommended by the national education conference held in 2010. In January 2012, scholarships paid to Gabonese students living in France were raised. This was part of an overall plan to increase all benefits awarded to the Gabonese – by 10% for students studying abroad and 25% for those staying in Gabon.

After education, health is the sector experiencing most difficulties, despite being considered a priority. The authorities recently visited health facilities around the country and consequently launched an emergency plan in December 2011. This series of visits highlighted the major bed shortages and lack of childbirth care in Gabonese hospitals. The HIV/AIDS pandemic is fading, according to the PLIST programme (*Programme de lutte contre les infections sexuellement transmissibles et le Sida*) set up to combat AIDS and sexually transmitted infections. Today, some 37 000 people are believed to be infected with HIV/AIDS. A survey launched in late 2011 is aiming to obtain up-to-date data. According to PLIST, sex workers are one of the most vulnerable groups, with a prevalence rate of 18%, four times the rate for the overall population. The figure in the army is about 4%.

### Poverty Reduction, Social Protection & Labour

A third of the population lives below the poverty line according to the 2005 EGEP poverty survey, which identified individual people, groups and places affected by poverty. Disparities in wealth distribution remain strong. The 2006-08 Poverty Reduction Strategy Paper (PRSP) and the "Emerging Gabon" strategic plan have focused on inclusive growth and fair distribution of the country's resources by transferring money to the poor. However, although progress has been made in programming resources, mobilising those resources remains a challenge. The low delivery rates for priority programmes, particularly in social sectors, is largely a result of ongoing deficiencies in the management of public finances, which still affects the quality and effectiveness of government spending. Regarding the Millennium Development Goals (MDGs), the progress report prepared with the support of the United Nations Development Programme (UNDP) in August 2010 shows that a significant number of the MDGs might not be achieved by 2015. The hardest goals for Gabon to achieve will be those related to poverty and employment, infant and maternal mortality, the repetition rate in primary schools and the quality of housing.

In the area of social welfare, there is now a health-insurance and welfare fund, the *Caisse nationale d'assurance maladie et de garantie sociale* (CNAMGS). Since January 2011, this fund benefits from a compulsory 1.5% withholding on the basic pension and indexed bonus of retired civil servants. In return, the former civil servants' health care is covered.

Access to safe drinking water and electricity remains a permanent concern for the people of Gabon. The authorities have set up an agency to regulate the sector.

In the housing sector, International Development Corporation (IDC) became the 40<sup>th</sup> foreign company to invest in real estate in Gabon when in September 2011 it signed a XAF 600 billion contract to build 5 000 housing units opposite the Nkok SEZ. The project will take two years to complete, according to the IDC chairman.

Current large-scale housing projects include a project by RRP Infra Projects. The Indian construction and infrastructure company signed a XAF 163 billion contract with the housing ministry to build 10 000 housing units over three years. Another Indian company, M3M, will build 5 000 social-housing units over the next two years for an estimated cost of XAF 45.9 billion.

Gabon has ratified international conventions on labour and moved forward in implementing policies in line with those conventions. However, laws that exist in theory are often not reflected in the reality on the ground. Employment protection is provided primarily in the public sector, and much less in the formal private sector,

where dismissals on economic grounds are tolerated. Job-market legislation is fairly rigid, which harms the competitiveness of private companies. But in practice it is not so rigid, as shown by the fact that dismissals on economic grounds are tolerated.

## **Gender Equality**

In education, there is no significant gap between the percentage of girls and boys enrolled in primary schools. However, between 1990 and 2010, the UNDP report noted a downward trend in the number of girls per 100 boys in primary education from 99.16% in 1990 to 95.15% in 2010. There is no difference in access to health care between men and women. However, early and late pregnancies, closely spaced pregnancies, and inadequate pre- and post-natal care cause high maternal mortality, which is partly responsible for the decline in girls' enrolment and drop-out rates, especially at the end of lower secondary school. Also, widows and orphans often struggle to receive their rights of succession when the family head has died.

Poverty and unemployment are both higher amongst women than amongst men. Unemployment is estimated at about 27% amongst women, compared with a national average of 16%. Men still dominate political governance. There are few women in decision-making positions, with only 18% of senators and 16% of MPs being women, according to the most recent reliable data. However, there are more women in public administration (33%) and trade (41%).

Gabon has ratified the UN Convention on the Elimination on all Forms of Discrimination against Women (CEDAW). It is also an adherent of the Beijing Platform for Action (1995) and has signed the Protocol on the Rights of Women in Africa adopted by the African Union Assembly in Maputo in 2003. Progress in the area of empowering women resulted in the adoption of the national gender-equality and -equity policy in 2010. According to the 2010 UNDP report, there are no deliberate, arbitrary and systematic rules that discriminate against women in Gabon, neither in the traditions and customs nor in day-to-day practice. Overall, progress is continuing, and in 2010 a bill was passed repealing certain discriminatory provisions from the Civil Code and the Social Security Code.

## Thematic analysis: Promoting Youth Employment

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Employment data are sparse and out of date. The national employment office (ONE) estimates unemployment amongst under 30s at 30% and at 16% overall. This is mainly because the education system is not adapted to the needs of the production sector. Of job vacancies registered by the ONE, 54% are for technicians and senior technicians, but 64% of registered job seekers have no vocational training. This mismatch between supply and demand mirrors the structure of education in Gabon, with only 8% of pupils attending schools that offer technical and professional education, and 92% attending mainstream schools. According to ONE figures, out of a workforce of approximately 900 000 people, only about 130 000 work in modern, structured employment, 60% of which in the public sector. Various reforms were made to the national employment framework during the fourth decentralised council of ministers meeting held in the north-eastern town of Makokou in April 2011: funds were set up to support the reforms undertaken by the ONE; a system was set up to provide information on the jobs market; and a national employment and training observatory was set up. According to the authorities, these reforms aim to assess the status of existing skills and the need for new qualifications, and to adapt training to bridge the skills gap.

The ministry of labour, employment and social security is setting up an e-employment project in co-operation with the Economic Commission for Africa (ECA) and the ECCAS to help support young entrepreneurs. The project will promote the use of new information and communication technologies to combat unemployment and poverty in central Africa. It specifically targets young people with qualifications. In Gabon, the project will build a new ten-computer multimedia centre, and provide training to ONE staff and qualified young people.

According to the 2011 Oxford Business Group report on Gabon, the Gabonese government signed an agreement in August 2010 with Asian companies for investment amounting to USD 4.5 billion, which should generate around 50 000 local jobs. The agreement provides for the building of a SEZ in Nkok, a palm-oil refinery, a fertiliser plant, 1 000 kilometres of paved roads over the next three years and 5 000 housing units. Other projects include CICM Huazhou Gabon (a subsidiary of the Chinese group Citic) operating the M'Bembele mine (320 new jobs) and Samancor Gabon (a subsidiary of Australia's largest manganese ore supplier, BHP Billiton) extracting manganese from deposits in the south-east, about 10 km outside Franceville.